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News

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U.S. DOT Imposes Largest Civil Penalty in NHTSA's History on Takata for Violating the Motor Vehicle Safety Act; Agency Accelerates Recalls to Get Safe Air Bags into U.S. Vehicles

WASHINGTON – The Department of Transportation's National Highway Traffic Safety Administration today issued two orders designed to protect the traveling public from defective Takata air bag inflators. The orders impose the largest civil penalty in NHTSA's history for Takata's violations of the Motor Vehicle Safety Act, and for the first time use NHTSA's authority to accelerate recall repairs to millions of affected vehicles. The actions also prioritize recalls so the greatest safety risks are addressed first, and set deadlines for future recalls of other Takata inflators that use a suspect propellant unless they are proved to be safe.

"For years, Takata has built and sold defective products, refused to acknowledge the defect, and failed to provide full information to NHTSA, its customers, or the public," said Transportation Secretary Anthony Foxx. "The result of that delay and denial has harmed scores of consumers and caused the largest, most complex safety recall in history. Today's actions represent aggressive use of NHTSA's authority to clean up these problems and protect public safety."

The Consent Order issued to Takata imposes a record civil penalty of \$200 million and requires the company to phase out the manufacture and sale of inflators that use phase-stabilized ammonium nitrate propellant, which is believed to be a factor in explosive ruptures that have caused 7 deaths and nearly 100 injuries in the United States. The Consent Order also lays out a schedule for recalling all Takata ammonium nitrate inflators now on the roads, unless the company can prove they are safe or can show it has determined why its inflators are prone to rupture.

As part of NHTSA's Consent Order to Takata, the company has admitted that it was aware of a defect but failed to issue a timely recall, a violation of the Motor Vehicle Safety Act. In connection with the Consent Order, NHTSA also issued findings that Takata provided NHTSA with selective, incomplete or inaccurate data dating back to at least 2009, and continuing through the agency's current investigation, and that Takata also provided its customers with selective, incomplete or inaccurate data.

Of that \$200 million fine, \$70 million is payable in cash. An additional \$130 million would become due if Takata fails to meet its commitments or if additional violations of the Safety Act are discovered.

The order also imposes unprecedented oversight on Takata for the next five years, including an independent monitor selected by NHTSA to assess, track and report the company's compliance with the phase-out schedule and other requirements of the Consent Order, and to oversee the Coordinated Remedy Program.

“Today, we are holding Takata responsible for its failures, and we are taking strong action to protect the traveling public,” said NHTSA Administrator Mark Rosekind. “We are accelerating Takata recalls to get safe air bags into American vehicles more quickly, ensuring that consumers at the greatest risk are protected, and addressing the long-term risk of Takata's use of a suspect propellant.”

Separately, the Coordinated Remedy Order issued to Takata and the 12 vehicle manufacturers involved in the existing Takata recalls directs them to prioritize their remedy programs based on risk, and establishes a schedule by which they must have sufficient parts on hand to remedy the defect for all affected vehicles. The order also establishes a Coordinated Remedy Program under which the agency will oversee the supply of remedy parts and manage future recalls with the assistance of an independent third-party monitor.

In the Coordinated Remedy Order NHTSA is using for the first time legal authority which was established in the 2000 TREAD Act to allow the agency to accelerate safety defect repairs if manufacturers' remedy plans are likely to put Americans at risk. NHTSA announced in June that it was considering use of that authority, and has since gathered information and comment from vehicle manufacturers, parts suppliers and the public as part of a proceeding to determine whether and how to best address recalls involving more than 23 million inflators, 19 million vehicles and 12 automakers.

Under the Coordinated Remedy Order, vehicle manufacturers must ensure they have sufficient replacements on hand to meet consumer demand for the highest-risk inflators by March 2016, and to provide final remedies for all vehicles – including those that will receive interim remedies because of supply and design issues – by the end of 2019.

READ: NHTSA's Consent Order issued to Takata

READ: A Fact Sheet on the Takata Consent Order

READ: NHTSA's Coordinated Remedy Order to Takata and Vehicle Manufacturers

READ: A Fact Sheet on NHTSA's Coordinated Remedy Order

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